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Book Review: How Nations Innovate: The Political Economy of Technological Innovation in Affluent Capitalist Economies by Jingjing Huo



*In **How Nations Innovate: The Political Economy of Technological Innovation in Affluent Capitalist Economies**, Jingjing Huo assesses the capacity for innovation displayed by different types of capitalism. While the book neglects to explore some crucial aspects of innovation and remains light on real-world examples, Tom Thatcher praises the exemplary rigour of its methodological approach to political economy.*

***How Nations Innovate: The Political Economy of Technological Innovation in Affluent Capitalist Economies.* Jingjing Huo. Oxford University Press. 2015.**

Innovation type depends on wider political economy: that is the conclusion of the neat new study *How Nations Innovate: The Political Economy of Technological Innovation in Affluent Capitalist Economies* by Jingjing Huo, which combines analysis of information management, job opportunities, inequality and market volatility to assess the innovative capacities of different types of capitalism. Yet, sadly for elected officials hoping to increase the discovery of new technologies in their respective



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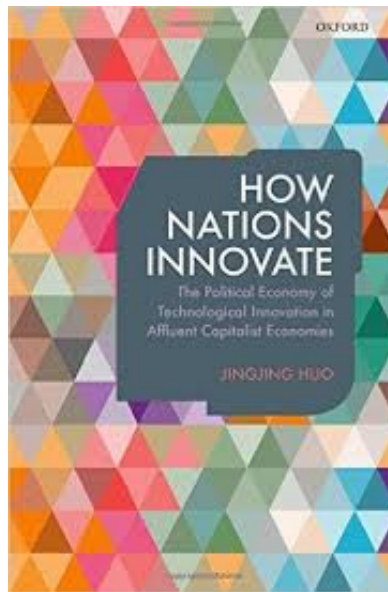


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states, the book provides little insight into whether policy intervention actually works to change this reality; corporatist capital economies, it seems, are destined to deliver incremental innovation, while their more market-driven counterparts are stuck with constant flux caused by disruptive technologies.

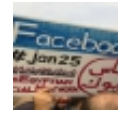
The study itself is rich in quantitative analysis, using a series of regression outputs to measure the impact of innovation on information sharing, equality and volatility of output. The result is that it adds much to the literature of political economy, even if the conclusion – that ephemeral factors such as ‘trust’ determine innovation type – is a little peculiar given the focus on numerical approaches. Nonetheless, the ease with which quantitative methods are applied is to be welcomed, and should serve as a benchmark for other social scientists; it is rare enough for one regression table to appear in a study; the nine different analyses offered in this book indicate an academic at absolute ease with their craft.

The benefits delivered by the study to the world of political economy, however, do not totally mitigate the frustrating omissions that at times overshadow the more interesting outcomes of the investigation. There is, for example, no examination of the innovative capacity of nations beyond that delivered by firms, meaning that state-sponsored novelties are not measured at all. This approach is fine when applied to corporatist environments where public and private sector actors work closely together to bring government-funded innovation to bear in market settings. It does not, however, work so well in more market-driven situations where such collaborations can be nonexistent, meaning that outputs by some of the world’s most well-known research institutions – universities, charities and research foundations funded by philanthropists – are not included in the datasets. There are few better examples of this in the book than the preference for registered patents over alternative



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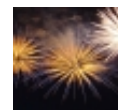
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measures of research and development (such as the volume of journal publications, for example).

Perhaps more fundamentally, the role of 'nations' is never fully examined; the reader is left wondering as to whether they should be understood as simply the cultural media in which innovation takes place or as active players in innovation delivery. It is not made clear, for example, whether the collaborative model that exists in Germany is the result of a distinct effort on the part of government actors or rather due to the preferences of businesses and wider society in that country. Such criticisms may seem churlish given that the study is clearly intended as a comparison of the distinct issue of innovation output in capitalist economies, yet the omission is as much a problem of definition as it is of focus; after all, what exactly is it that defines certain countries as 'corporatist'?



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Most bewildering of all, there is not even a passing reference to the innovation output at the individual level, meaning that some of the world's largest technology companies (Apple, Google, Facebook) would have been excluded until after their respective stock market flotations. This hardly seems appropriate given the disruptive impact each had on the markets in which they operated long before shareholders had the chance to invest in them.

Fortunately, these flaws are merely minor annoyances to the reader with an interest in wider innovation; they are in no way

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detrimental to the study as an academic exercise. Indeed, it is a measure of the author's dedication to method and subject that such frustrations are not allowed to interfere with the rigorous methodological approach; in fact, they may be caused by it, due to the author's desire to focus only on what he can measure within strict quantitative limits. For example, it is made quite clear that stock market flotations are used as a proxy to measure information sharing only because these are by far the most easily quantified metrics available. There is even room for academic innovation within these strict methodological guidelines; the use of educational attainment to measure inequality and the measurement of the phenomenon from the 'top' rather than 'bottom' (over qualification at the top of the market and its impact lower down) offers an interesting new seam for study in political economy.

The book is light on real-world examples but, for the persevering reader, there are a few striking anecdotes buried in the text. It is fascinating to learn, for example, that foreign direct investment increases strike risk due to the perception of increased risk from workers, while discussion of investor confidence in the USA goes some way to providing insight into the reason why capital markets there have become so well-developed compared with their European counterparts. Such parsimony, combined with the practical application of the findings, mean that the book is unlikely to attract the casual reader to the subject of political economy, still less to the study of innovation in different capitalist models. It does, however, allow the book to stand as a model academic text; indeed, at times it reads like an extended article from a scientific journal.

How Nations Innovate is both a useful book for the student with a specific interest in the subject of capitalist innovation and a study in the application of quantitative methods in social science. While aspects of innovation are never fully clarified and avenues of potential further enquiry are not pursued, this is mitigated by the dedication to academic approach displayed throughout. After the rigorous examination of four different aspects of innovation displayed by the author, the reader can be left in little doubt that,

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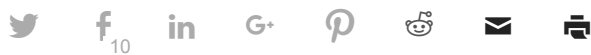
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in political economy at least, novel approaches require dedication to well-established methods.

Tom Thatcher is a Senior Associate at Finsbury, a communications firm located in Central London. He holds a Masters degree in Public Policy and Management from Birkbeck College, University of London and a Bachelors degree in Politics and French from the University of Exeter. [Read more reviews by Tom Thatcher.](#)



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